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FARM TENANCY AND JAPANESE AGRICULTURE . . . .

. . . . By W. Ladejinsky*

Farm tenancy in Japan presents an acute problem, the solution of which is of fundamental importance to Japanese agriculture as a whole. That the average income of the farm tenant is below subsistence level is conceded, even by Japanese landlords; and the Government, too, has long been aware of this fact. Though in recent years reforms of a basic character have been proposed, the opposition of the landlord class has prevented the adoption of effective remedies, and the admittedly serious problem remains as yet unsolved.

From time immemorial, agriculture has been the backbone of the economic life of Japan. While the country's recent industrial progress has tended to obscure this fact, the importance of agriculture in the national economy is still very great. This does not bespeak, however, either rural prosperity or rural progress. On the contrary, a depression existed in some agricultural sections of Japan long before the world slump began. In sharp contrast to the booming industrial activities in Japan are impoverishment, distress, and unrest in the rural districts.

The feudal concept that a farmer should maintain a low standard of living has continued to pervade Japanese agriculture despite the passing of feudalism. The village remained in a state of contentment as long as agriculture could satisfy the frugal needs of the farmers. In recent years, however, Japan's agricultural economy has not been able to provide even this irreducible minimum for most Japanese farmers. A number of factors are responsible for this situation. To begin with, there is a great population pressure against a very limited land area and the fact that, however hard the farmers try, they cannot increase appreciably the area of cultivated land. Many of the basic ills may be traced to the fact that Japanese peasants have always been looked upon as the nation's "beasts of burden." The Japanese proverb, coined

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in feudal times - "The peasant is like a sesamum seed; the more you squeeze the more you get" - typifies a situation that has continued to this day. The Japanese farmer is burdened with land tenancy, which constitutes Japan's fundamental agrarian problem, and with excessive taxes, a huge farm debt, exorbitant interest rates on farm loans, and unfavorable disparity between prices of industrial and agricultural products.

The uneconomic state of Japanese agriculture appears to be bearing heavily upon all the classes engaged in farming, but it is upon the tenant farmers that the burden falls heaviest. The effects in terms of economic and social welfare are illustrated by the fact that nearly 50 percent of the cultivated area of Japan is worked by tenant farmers and almost 70 percent of the total number of Japanese farm households are of tenants and part-tenants, paying a farm rent in kind of some 50 to 60 percent of the crop. During the past two decades, the spread of tenancy has beenaccompanied by serious conflicts between landlord and tenant, expressing themselves in demonstrations, strikes, injunctions, arrests, and growth of farm-tenant unions, through which an organized struggle against landlords is carried on.

Characteristic Features of Japanese Agriculture

From the point of view of climatic, geographic, and soil conditions, Japan may well be classified among the poorer agricultural countries. The topography of the country, generally steep and mountainous, and the none too fertile soil are responsible for the fact that not quite 15,000,000 acres, or only 16 percent, of the estimated total Japanese area of 94,000,000 acres is cultivated. Compared with other countries, the ratio is very small; Great Britain cultivates 22 percent, Germany 44, France 39, and Italy 41 percent of the total land area. Even in the United States, although a considerable area of arable land has not yet been put to use, 18 percent of the total area is under cultivation.

Natural conditions in conjunction with economic and social factors have resulted in small-scale farming in Japan. The 5,600,000 households, aggregating a rural population of about 27,000,000, occupy the relatively small area of arable land; hence, the average farmholding is only 2.6 acres. The production capacity of agriculture has been increasing steadily. This increase, however, is not sufficient to keep pace with the expansion in rural population and the maintenance of a higher standard of living. The rapid progress of industrialization in Japan has absorbed many people from the rural districts, but not in sufficient numbers to relieve the pressure against the land, a factor which forms one of the basic causes of Japan's agricultural ills.

Importance in the national economy

The industrial revolution in Japan has not meant, as it did in England, the elimination of considerable acreage under crops. On the contrary, Japanese farmers have been set the hard task of increasing self-sufficiency in food, cost what it may. The result is that 45 percent of the population still lives on farms, and domestic agriculture still furnishes 80 percent of the country's food (rice) requirements, the remainder being supplied by Chosen and Taiwan. The net value of the agricultural output is slightly larger than that of manufacturing industries. Notwithstanding the proverbial progress of Japan's industrialization, capital invested in agriculture is nearly one and a half times as large as that invested in manufacturing industries and commerce. Moreover, it is agriculture that has been facilitating Japan's phenomenal industrial expansion through State subsidies paid out of heavy land taxes and through an almost unlimited supply of cheap labor furnished by the village.

Farmers standard of living low

The vital role of agriculture, the capital invested, and the wealth produced by it are not reflected in the income of the majority of Japanese farmers. In 1925, a prosperous year, the average peasant proprietor had a net income of 1,563 yen ($644). 1/ Deducting household expenditures, he had a surplus amounting to 477 yen ($196). In the depression years, particularly in 1930 and 1931, the income of the farm proprietor from agriculture alone was far below the cost of living; even his income from all sources was not sufficient to cover the cost of living, despite the fact that his expenditures during those 2 years were reduced by 33 and 67 percent, respectively, in comparison with his expenditures in 1925. The slight improvement in 1933 raised his income from agriculture to 565 yen ($145), a figure still 41 yen ($10) short of the estimated cost of living. Only by supplementing this income with that from other sources could the farmer show a surplus of 120 yen ($31). It must be noted, however, that in every case cited the peasant's expenditures did not include interest on capital invested in land and implements or payment for labor, and that, with the exception of 1925, income from agriculture alone lagged far behind his requirements.

In 1929, a well-known Japanese agricultural economist came to the conclusion that "in the case of the average peasant proprietor, or part-tenant, or tenant farmer, his net income is not sufficient to cover his household expenditures, when the calculation of his income relates to his agricultural business alone." 2/ This appraisal seems to be even more justified today, particularly with reference to tenants and part-tenants.

1/ "Japanese Trade and Industry", Mitsibushi Economic Research Bureau, London, 1936, p. 172.
2/ S. Nasu, "Land Utilization in Japan", published by the Institute of Pacific Relations, Tokyo, 1929, p. 198.

Decline of Agricultural Prices

For many years prior to the depression, Japanese agricultural economy was under a strain, but its full effect was not revealed, chiefly because of the high prices of the two staple Japanese products, rice and silk. The first sign of a downward tendency was noted in 1926, and by 1929 the price of rice had decreased 30 percent and the price of cocoons 37 percent, with a similar decline noticeable in other products. The worst of the depression came in 1931, when the total value of agricultural production declined more than 54 percent compared with 1925. The advance in prices during the past 3 years has relieved somewhat the immediate problems created by the price decline during the depression.

That the precipitous fall in the price of cocoons and the great decline in the price of rice played havoc with the country's agricultural economy is generally conceded. An additional factor which aggravated the agricultural situation, however, was the price disparity between manufactured and agricultural products. The devaluation of currency in 1932 did not result in an immediate rise of agricultural prices. It benefited primarily the manufacturing industries, and prices of farm products did not rise for a long time. The combined index of agricultural prices, which declined to 42.4 in 1930, (1925 = 100), reached 51.7 in 1934. There was no corresponding price movement in essential commodities purchased by farmers. In this connection, the price of manufactured fertilizers is of particular significance. In order to maintain a high level of production, farmers must spend increasingly large amounts for fertilizers, which at the present time account for 35 percent of total cash expenditures of the farming population. With 1925 as a base, the index number of the value of chemical fertilizers was 118.9 in 1930 and 121.6 in 1934.

Increase in agricultural indebtedness

The increased disparity between income and expenditure and the severity of the agricultural crisis naturally led to rapidly mounting indebtedness. Estimates of total farm indebtedness in Japan vary; but, acording to official sources, in August 1936 farm indebtedness totaled 4,091,000,000 yen ($1,186,000,000). 3/ This did not include the debt of the large landowners. Total farm indebtedness is probably not less than 6,000,000,000 yen ($1,740,000,000), or an average of slightly over 1,000 yen ($290) per household. A large portion of this debt must be traced to the land purchased by farmers at highly inflated prices. Land values went up sharply during the World War and post-war boom years. Between 1918 and 1924 they were at their peak, rising from 721 yen ($370) per acre to 946 yen ($388) during that period. According to the Bank of Japan, during this period of advancing land prices farm indebtedness

3/ Japan Weekly Chronicle, September 24, 1936. The conversion of yen into United States currency is based on the average exchange rate of the given year.

increased by over 1,000,000,000 yen ($410,000,000). 4/ Another considerable portion of the debt has been contracted, not for productive purposes, but to meet household expenditures.

Whatever the nature of the indebtedness, the sums advanced in Government loans at low interest rates were too small to ease the burden of the farmers. Over a period of many years, the Japanese Government has been liberal with various forms of industrial subsidies, borne, for the most part, by the farmers. But when the time arrived to subsidize the subsidizers, little was forthcoming. In agricultural circles it was considered that one of the practical ways of dealing with the situation would be a moratorium on farm debts. No such treatment has been accorded to farmers, and there is no immediate prospect of cutting down their load. On the contrary, the trend is in the opposite direction, one of the main causes being excessive interest charges.

The average debt of 1,000 yen ($290) is sufficiently heavy even if carried at a 6-percent rate of interest, but such a rate is the exception rather than the rule. According to official sources, in 1932 nearly 43 percent of the farm loans carried an annual interest rate ranging from 7 to 10 percent, and the remaining 57 percent of the loans an interest rate above 10 percent. 5/ The average rate for all loans was 12 percent. In reality, however, the rates are much higher. It was estimated that "of his (farmer's) total loans, 57 percent have been advanced by private lenders at a nominal rate of about 12 percent and a real rate said to be between 20 and 30 percent." 6/ But even assuming that the interest rate on the total farm indebtedness is only 12 percent, the yearly charge is 720,000,000 yen ($208,800,000), or 38 percent of the average net farm income during the years 1931-1935.

Growing burden of taxation

To the other direct and indirect imposts and charges upon Japanese agriculture must be added the burden of a taxation system that weighs more heavily on land than on the mobile wealth of trade and industry. When in the last decades of the nineteenth century Japan embarked on a policy of industrialization, most of the cost was paid by taxing agriculture. This policy has continued ever since, despite the fact that Japan is long past the stage of industrial "infancy." The incidence of taxation for the year 1934 reveals the extent to which a stricken agricultural economy is discriminated against in favor of a prosperous and expanding trade and industry. With the decline of farm income, which assumed catastrophic proportions after 1929, the burden of taxation

4/ The Japan Yearbook, 1934, p. 443.
5/ Materials on National and Colonial Problems (in Russian), No. 8 - 9, 1933, p. 87.
6/ The Times, London, July 5, 1932.

increased still further. Whereas in 1929 in one of the Provinces, for instance, taxes absorbed almost one-third of the net income of a typical peasant proprietor, in 1931 more than half of his income went to the tax collector.

Table 1. Incidence of taxation in Japan
(In percentage of income)

Annual income in yen	Agricultural population		City dwellers	
	Landlords and landed farmers	Peasant proprietors	Merchants	Manufacturers
	Percent	Percent	Percent	Percent
300.....	---	34.9	12.5	1.5
500.....	51.1	31.4	13.7	17.7
1,000.....	54.1	25.9	13.9	13.6
2,000.....	64.2	28.0	16.4	17.8
5,000.....	58.8	---	17.9	21.4

From a survey made in 1934 by the Imperial Agricultural Society. Cited in F. Utley's "Japan's Feet of Clay", New York, 1937, p. 120.

Government concern with problem

The Japanese Government has always concerned itself with the state of the country's agriculture, and not only from the fiscal point of view. Prior to 1930, the Government's policy was directed mainly toward agricultural self-sufficiency. Rising production and the fall in prices, which became especially pronounced after 1930, brought about a change. The main objective of the Government's agrarian policy became stabilization and control of prices of agricultural products. 7/ The measures undertaken relieved some of the distress of certain groups of farmers but did not ameliorate rural conditions to any considerable degree. Emergency measures adopted to relieve the distress among farmers took the form of farm-relief works. In 1932, the Japanese Government and local administrations appropriated a total of 263,000,000 yen ($73,929,000) for such purposes. Of that sum only 88,000,000 yen ($22,563,000) was spent in 1933 and 53,000,000 yen ($15,746,000) in 1934. As only part of these sums were spent in payment for farm labor, the assistance was of little value. The problems of readjusting farm indebtedness, of improving credit facilities, of reducing the price of fertilizers, and of downward revision of taxes were for all practical purposes left virtually untouched.

There was also left untouched, although a great deal was said about it, another fundamental cause of so many of the maladjustments in

7/ See "Agricultural Policies in Japan: Silk", March 2, 1936, issue of "Foreign Crops and Markets", and "Agricultural Policies in Japan: Rice", July 20, 1936, issue of "Foreign Crops and Markets."

Japanese rural economy, the problem of tenancy. For the Japanese landlords who sell 85 percent of their crop, largely acquired in payment of rent in kind, the policy of regulating the price of farm products is in accord with their interests. The tenants, on the other hand, although they produce fully half of the rice crop, are nevertheless compelled to purchase additional quantities of rice for their own consumption. For this reason, the prevailing system of land tenancy does not permit the majority of Japanese farmers to take advantage of the governmental price policies, presumably designed to relieve general rural distress. "If, therefore, the agricultural price policy is to attain the desired end," a Japanese writer on the subject emphasized, "it is imperative that the farm tenancy system should be properly revised. In other words, insofar as the agricultural price policy aims at the stabilization of agricultural life, the solution of the farm tenancy problem and, accordingly, the settlement of the land problem is required, as a matter of course, for its proper execution." 8/

Japanese and United States Tenancy Contrasted

Essentially, the Japanese tenancy system has little in common with that in the United States. It is true that in both countries tenancy is a vexing problem, which is just becoming a subject of remedial legislation. It is true that in Japan, as in the United States, there has been a growing movement of organized protest on the part of the tenants. But there the similarity ends.

The differences are far deeper and more significant. The availability of land in the United States, as contrasted with the utter lack of it in Japan, which is faced with a rapidly growing agricultural population, has given different meanings to the tenancy systems of the two countries. The American year-to-year lease system and the very high mobility of tenant farmers have no counterparts in Japan. There the tenant is willing to bind himself to the land - no matter what the exactions. He cannot abandon the leased land, since he has no choice of other land and the chances of finding employment in other occupations are poor. For this reason in recent years the struggle waged by the tenants against the landlord is not so much for a reduction of rent as for the right to work the land. In the United States, "tenants still move with some freedom up the agricultural ladder"; 9/ in Japan tenants are in no position to do so.

Development of tenancy in Japan

Farm tenancy in Japan took root under feudalism, but it came into its own only with the passing of the feudal system in the second half of

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8/ Y. Yogi, "The Current Land problem and the Establishment of Peasant Proprietorship", Kyoto University Economic Review, December 1936, pp. 61-62.
9/ Report of the President's Committee on Farm Tenancy, February 1937, p.5.

the nineteenth century. Under the latter, the country was broken up into feudal baronies, ruled by feudal lords. The landowners, who were subjects of the feudal lords, cultivated the land, but they did not enjoy full ownership of it, since they could neither buy nor sell it nor were they allowed to grow what crops they pleased, the feudal lords or their agents interfering to force the cultivation of rice even on unsuitable land. Along with these limitations there was the obligation on the part of the farmer to pay the feudal lord a tax varying from 30 to 70 percent of the gross crops. The tax was in accordance with a time-honored principle that "farmers should neither live nor die."

Toward the end of the feudal system, various devices were invented to elude the prohibition on the sale of land. Many farmers were compelled to mortgage their holdings in order to raise sufficient means to satisfy the lords' demands as well as their own needs. Failure to repay the loans resulted in foreclosures, and land passed, in fact although not in theory, into the hands either of the rising merchant class or of the more prosperous farmers. Those who lost the land sank to the status of tenant farmers. There emerged a new class of absentee landlords and a class of tenants who did not own the land they cultivated.

After the abolition of feudalism in 1868, the peasants were granted a legal title to their holdings, and likewise the title to the many secretly held properties was recognized. It was estimated that in the seventies of the last century almost 20 percent of the total acreage under crops was cultivated by tenants. The rapid adjustment from a feudal to a money economy worked hardship on many independent farmers. The necessity of obtaining cash to meet heavy taxation led many into indebtedness, frequently resulting in the loss of the land. The spread of farm tenancy was also facilitated by the fact that the landowners and well-to-do farmers, who owned more land than they could themselves cultivate, found it more profitable to rent it to a multitude of tenants than to work it with hired labor. Moreover, for many years the Japanese urban middle class has invested its savings in the purchase of land in accordance with the widely prevalent view that land is a gilt-edged security, paying not less than one-half of the crop as rental.

Tenants cultivate half the land

Tenancy in Japan has reached a point where 54 percent of the irrigated rice land and 40 percent of the nonirrigated land are cultivated by tenants and part-tenants. On the whole, the two groups cultivate 48 percent of Japan's total arable land. Of the 5,617,486 farm households, in 1934 almost 31 percent were composed of independent farm owners, 27 percent of tenants who owned no land at all, and 42 percent of part-tenants and part-owners. It should be noted that fully 69 percent of the total number of farmers are wholly or partly tenants.

The independent group of farmers is composed of peasants who, in the main, cultivate their land themselves and of the 987,000 landowners, whose land is almost entirely worked by tenants and part-tenants. The limited cultivated area of the country precludes the concentration of land in great holdings. Estates of 1,000 acres or more are very few in number. Those who possess 75 acres are rated among the great landowners, while the owner of an estate of 25 acres belongs to the middle group. Japanese agricultural statistics record only 3,547 landowners with over 125 acres each, the average size of these holdings being 300 acres, and 46,000 with an area of from 25 to 124 acres, or an average of 57 acres. Notwithstanding the scarcity of large properties, there is a striking inequality in the distribution of landownership in Japan. While official data are lacking, it is unofficially estimated that slightly more than half of all the farmers of Japan own only 9 percent of the total land under cultivation, whereas 8 percent of the farmers own 50 percent of the total land.

The tenants and part-tenants rent from the landowners a total of 7,200,000 acres, or an average of 1.8 acres. The amount of land tilled by tenant farmers alone is not recorded in the official Japanese Agricultural Statistics, but the average size of a tenant holding is somewhat less than 1.8 acres. Thus, for instance, one of the biggest estates, consisting of 4,000 acres, is tenanted by 2,486 families (14,000 persons), an average of 1.6 acres per tenant family. 10/

It has already been indicated that even the income of a property-owning farmer from agriculture alone is not sufficient to meet his living expenses and all the charges connected with his farm. This insufficiency is still more apparent in the case of the less privileged groups of farmers. According to an official investigation cited by Dr. Nasu, "the average partial tenant, as well as the tenant farmer, can count upon a surplus only when the area of the farm under his management is larger than 4 acres." 11/ The difficulties which confront an average tenant who cultivates less than 4 acres - and that means the great majority of tenants - are quite apparent, especially when one considers the conditions under which a tenant rents his land.

Landlord-tenant relationship

Rent contracts for a long period are rare, although there is in existence a so-called "permanent" tenancy system, adopted in order to facilitate the cultivation of newly reclaimed land. While it is not uncommon to find a tenant family working the same land from generation to generation, most agreements are for from 3- to 5-year periods. In the case of fruit and mulberry gardens, however, the term of the agreement

10/ R. B. Hall, "Some Rural Settlement Farms in Japan", Geographic Review, January 1931, p.115.
11/ S. Nasu, op. cit., p. 198.

is usually from 10 to 15 years. Sometimes the agreements do not specify any fixed period at all, the farmer being allowed to work the land continuously provided he has the good will of the landlord.

Most of the agreements are oral. Data available for some years back show that only 21 percent of the agreements were in writing. From a legal point of view, oral agreements are vague and unsatisfactory. Whether written or oral, they "usually have a provision to the effect that the landlord shall have the right to get back the land whenever he deems it necessary", 12/ provided he gives notice in accordance with established custom. The tenant, too, has a right to abrogate the agreement; but in practice this privilege is exercised solely by landlords, and in recent years it has served as one of the basic causes of bitter conflict between landlord and tenants. While there is no provision that the tenant shall be compensated by the landlord for a recovered lease, he is entitled to "a partial compensation, if the field has standing grain, for the labor the tenant put in and for seed and manures which had been used." 13/ If, however, the tenant is in arrears with his rent, the landlord may evict him and take back the land with, as a matter of course, the standing crops. In some cases, allowance is made for the cost of fertilizers. Improvement of the land made by tenants is rarely compensated.

The two characteristic features of farm tenancy in Japan, as distinguished from those in the United States, are as follows: Japanese tenants have their own houses and supply their own implements, seed, and fertilizer, and they generally pay a fixed rental in kind per unit of land instead of a share of the crop. The so-called "flexible tenant system" is adopted only in the few regions that are frequently subject to natural calamities. The rent is not fixed beforehand but is determined every year after examining the condition of the crop. For the most part, the size of the rent is based on yields in good years. This throws the full burden of the loss from a poor harvest upon the tenant unless he can obtain a reduction in his rent. The agreements seldom contain provisions to take care of such developments, and, faced with a poor crop, the tenant is often compelled to ask for a reduction. The subsequent bargaining provides the occasion for a great many disputes between landlords and tenants.

Rents exacted from tenants are very high. According to the Japanese Agricultural Year Book, the Japanese rate is seven times that in England, three and a half times that in Germany, four times that in Italy, and three times that in Denmark and the Netherlands. The pressure of the rapidly growing rural population against a limited agricultural land area is the all-important factor that keeps rents so high.

12/ S. Kawada, "Tenant System in Japan and Korea", Kyoto University Economic Review, 1926, I, 40.
13/ Ibid.

Tenant farmers are compelled to compete for leases in a market where the demand is usually larger than the supply.

Numerous investigations reveal that a minimum rental for a one-crop field constitutes about 55 percent of the crop, and for a two-crop field, 60 percent. A survey of 9,134 villages undertaken by the Japanese Department of Agriculture showed that in 70 percent of the cases the rental from a single-crop field constituted more than 50 percent of the crop. It may be of interest to note that occasionally rents specified in agreements are about 5 percent smaller than those actually collected by the landlords. This discrepancy is due to the survival of an old custom, in accordance with which the tenant ordinarily turns over an extra amount of rice in addition to the specified quantity. When the large expenditures for fertilizer are added to the rent, the proportion of the total crop going to the tenant is very small. Frequently the tenant gets only 30 percent of the crop as his net share.

Rents for rice land are almost always paid in rice, while for other land they are usually paid in cash. Since the end of the World War, rice-field rents in kind have declined about 10 percent; but, measured in terms of money, they have increased by more than 50 percent. Thus the real beneficiaries of the upward trend in rice prices are the landlords, since the tenants have very little surplus rice to sell after paying rent. Tenants, therefore, have been unable to take advantage of a favorable market situation. The substitution of a cash-rent system for payments in kind would undoubtedly have a salutary effect upon the economic status of the tenant.

The outstanding fact which emerges from this survey is that the Japanese tenant farmer gives more than half of his crop to the landlord. The significance of this situation is enhanced by the fact that all the tenant receives from the landlord is the land. The capital is furnished entirely by the tenant, who also pays all assessments and dues except the land tax.

Below-subsistence standard of living

When the nature of landlord-tenant relationships is considered, a question arises as to its meaning in terms of the economic well-being of the tenant. A study of the budgets of 35 tenants was conducted by the Japanese Department of Agriculture in 1920. Although the number of cases considered was small, the survey throws interesting light on tenants' standard of living. It showed that a tenant farmer cultivating 3.7 acres had a deficit of 44 yen, or $22. The deficit would have been greater but for the fact that the tenant spent nothing for the education of children (as against 427 and 29 yen, the average for landlords and farmer-proprietors, respectively) or for social activities, and no allowance was made for interest on debts. It should be added that rare is the tenant who is not burdened with debt.

Table 2. Average household income and expenditures, 35 tenant farms (Average number of members in family, six)

Item	Japanese currency	United States currency
	Yen	Dollars
Income:		
Rice crop	1,004	502
Barley crop	64	32
All other sources	248	124
Total	1,316	658
Farming and living expenses:		
Rent	504	252
Fertilizer and farm implements	208	104
Taxation	30	15
Food	345	172
Clothing	52	26
Shelter, light, and fuel	44	22
Childrens' education	--	--
Social activities	--	--
Sake (wine made of rice)	--	--
Wages for farm labor	43	22
Miscellaneous	134	67
Total	1,360	680
Deficit	44	22

Shuichi Harada, "Labor Conditions in Japan", New York, 1928, p. 84.

The Japanese Department of Agriculture conducted another investigation of the budgets of 208 tenants during the year September 1926 - August 1927. It revealed that the average income of a tenant farmer from all possible sources was not sufficient to cover his living expenses. The tenant's yearly income from agriculture alone amounted to 567 yen ($267), while his expenses for the corresponding period were 975 yen ($459), or a deficit of 408 yen ($192). Even the additional income derived from all other sources fell short by 25 yen ($12) of making up the deficit. 14/

A survey made in 1929 by the Imperial Agricultural Society of Japan, dealing with the income of a tenant cultivating 2.5 acres, indicates in still another way the uneconomic character of a typical farm operated by a tenant. On this farm the total rice harvest of 93 bushels involved a cost, exclusive of rent, of 272 yen ($125). After the payment of rent, there remained at the tenant's disposal 42 bushels of rice at an estimated value of 241 yen ($111), or 31 yen ($14) less than it cost him to produce his crop.

The cases cited are typical of the Japanese tenant farmers as a group. They reveal a standard of living bordering on destitution.

14/ S. Nasu, op. cit., p. 198.

Moreover, after 1929 the tenant's income undoubtedly reached a still lower level. Rents during the depression years remained unchanged. The additional income from sources other than agriculture, which in the case of a farmer-proprietor was barely sufficient to enable him to balance his expenses, was certainly not large enough to render the same service to a tenant. The statement made by Dr. Nasu in 1929, "The lot of a tenant-farmer is most miserable," applied with even greater force during the depression years.

Struggle Between Landlords and Tenants

There is evidence that tenants in Japan are less inclined than formerly to accept their low economic status without a struggle. The increasing dissatisfaction has manifested itself in the growing number of disputes between landlords and tenants, disputes so serious in character that they have assumed the proportion of a grave national problem. That the prospects for the future give rise to great anxiety is illustrated by the fact that the problem of farm tenancy is now being generally identified with the solution of the Japanese land problem as a whole.

The long-established landlord-tenant relationship continued till about the end of the World War without causing much open struggle between the two groups. To be sure, tenants were never satisfied with their economic status, but before and during the war they were somewhat better off than after. In addition, their conservatism and ingrained feudal custom of obedience to landlords helped to reduce friction to a minimum. During the last two decades, however, this relationship has undergone a great change. The growing agricultural distress, the strengthening of the industrial labor movement in Japan, and the spread of ideas opposed to old-established concepts - all these made landlord-tenant relations very similar to those prevailing between industrial workers and their employers. Antagonistic organizations, such as tenant unions and landlord unions, have developed, and both the number and the seriousness of disputes have increased rapidly.

The following table shows that since 1917 the number of disputes has increased from 85 to nearly 6,000 annually. These figures represent only disputes that come into the open; the actual extent of discontent must be reckoned as very much greater. During the first few years after the war, disputes were confined to a few districts, but subsequently they occurred in practically every part of Japan. In general, the geographical distribution of the disputes reflects the extent of agricultural distress in the respective districts. This fact explains the shift of a greater number of disputes from the rice to the predominently silk areas when the price of cocoons reached bottom, and later on to certain areas of the northwest stricken by famine. It is to be noted that every dispute involved an average of four or more landlords and twenty or more tenants. This is explained by the fact that a tenant often rents land from a number of landlords, all of whom may be involved in a particular dispute.

Table 3. Landlord-tenant disputes in Japan, persons and acreage involved, 1917-1935

Year	Disputes	Landowners	Tenants	Area in dispute
	Number	Number	Number	Acres
1917	85	-	-	-
1918	256	-	-	-
1919	326	-	-	-
1920	408	5,236	-	67,106
1921	1,680	33,985	145,898	217,268
1922	1,578	29,077	125,750	221,120
1923	1,917	32,712	134,502	218,190
1924	1,522	27,222	110,920	172,436
1925	2,206	22,000	134,646	234,940
1926	2,713	39,437	150,181	-
1927	1,665	19,334	71,755	-
1928	1,836	23,505	75,136	119,300
1929	2,424	23,505	81,998	139,236
1930	2,109	11,118	47,340	82,710
1931	2,689	14,752	52,789	97,821
1932	2,756	16,065	45,930	59,775
1933	3,384	11,636	37,223	57,626
1934	4,584	18,531	62,929	100,749
1935	5,512	20,474	76,797	109,863

Compiled from "Industrial and Labor Information", published by the International Labor Office; and "Agrarian Problems of Modern Japan", by Dorothy J. Orchard, published in Journal of Political Economy, April and June 1929.

The causes underlying the disputes are manifold, but the following two became outstanding during the twenties: Excessive rents and the attempt on the part of the landlords to terminate, or their refusal to renew, leases. Prior to the period under consideration, disputes arose only in times of poor yields. More recently, however, demands for permanent reduction in rents have been made by the tenants, irrespective of the size of the yield. Whereas disagreements previously occurred after the harvest, they now often begin before the sowing.

In 1921, excessive rents caused 4 percent of the total number of disputes, but 5 years later the percentage had risen to 73. Since then, however, disputes in connection with the reduction of farm rent have decreased in number, but those caused by the attempts of landlords to evict tenants have increased annually. In 1924, only 1.6 percent of all disputes were attributed to this cause; in 1926 the figure rose to 7.5 percent; 10 years later it reached over 60 percent. On the other hand, only 18 percent of the disputes in 1936 were attributed to demands for rent reduction as against 73 percent in 1926.

The motives behind recent attempts of landlords to terminate tenancies may be traced to a number of factors. Among them are the

desire to get a greater return from the land by cultivating it with hired labor; the desire to avoid tenant difficulties; the sale of land, both voluntary and involuntary, and the consequent demand of the new owners to recover the land for their own use; the termination of leases in accordance with agreements; in relatively few cases, the failure to pay the rent; and, finally, the opportunity to re-let the land to new tenants at higher rates.

Thus, in Japan the struggle between the landlord and the tenant has gradually centered upon the vital question - the right of the tenant to cultivate the land. The latest decisions of Japanese courts do not recognize such a right. It must be emphasized, however, that certain traditions going back to the days of feudalism have definitely recognized the right of tenancy. "Before the peasant had secured the right of full ownership, his right of cultivation was generally recognized in practice and in deeds of sales. * * * It became the custom in some places to regard long-term leases as permanent, and even annual leases tended to become permanent." 15/ For this reason, in many regions "the longer and permanent leases were sublet and transferred * * * the tenants paying all the taxes due from the land, and considering themselves as good as proprietors. In Tosa and other western Provinces, the real proprietor was called the 'holder of under' and the tenant the 'holder of upper land.'" 16/

The attack of the landlord against the tenant's right in the land threatens the very existence of the tenant. The Japanese courts are taking the position that, since the land belongs to the landlord, he is free to do with it as he deems fit - hence the court injunction as a weapon for evicting a tenant. The tenahts, on the other hand, protest, chiefly by refusing to pay taxes and rents, by withdrawing their children from public schools and setting up special tenant schools, and by various acts of sabotage and violence.

Conciliation boards

The growing number of disputes induced the Japanese Government to take some action in the matter. The outcome was the Conciliation of Tenancy Disputes Bill, enacted in 1924. 17/ This act is both a conciliation and an arbitration act. It provides, first, for the simple handling of disputes in the court, thus avoiding the complex procedure of civil law, and, second, for arbitration by a committee composed of a judge and several citizens. The latter are not required to be lawyers but are expected to be acquaintad with the needs and grievances of the

15/ Dorothy J. Orchard, "Agrarian Problems of Modern Japan", p. 287.
16/ Journal of the American Oriental Society, March 1911, Vol. XXXI, Part II, p. 180.
17/ "A New Method of Tenancy Disputes Adjustment in Japan", International Labor Review, March 1925.

parties. The applicants for conciliation or arbitration may be either party, or both parties jointly. An appeal for conciliation and arbitration stays all other proceedings on that issue. Where the parties to the dispute are numerous, they may voluntarily appoint a representative from among their number to act as their agent, or the court may order the appointment of such a representative.

A dispute may be dealt with in one of three ways: the court itself may settle it; the court may refer it to an arbitration committee; or the court may turn it over to a private arbitrator or arbitrators. The usual course is the appointment of an arbitration committee; and the court is bound to follow this course if requested to by the disputants. Procedure before the committee is the same as procedure before the court. If the parties in dispute express their satisfaction with the committee's decision, it becomes effective and is transferred to the court for a formal approval. The court is bound to approve the decision unless it considers it "extraordinarily unjust." With the court's approval, the decision acquires the force of a court ruling.

Many settlements are reached by direct negotiations between the two parties, but more than 60 percent of the disputes are settled under the auspices of the act. The settlement of a dispute which arose early in 1931 and is typical of a number of others provided for the following: A 30-percent reduction in rent; payment of rents for 1929 and 1930 at the same time and not later than May 10, 1931; a written apology to the landlord from two tenants and an oral one from the remaining four; equal division between landlord and tenants of expenses incurred in connection with the conflict; dismissal of court proceedings upon payment of the rent.

Tenant and landlord organizations

In the days before tenancy in Japan became a burning issue, a conflict between a landlord and a tenant was dealt with on a purely individual basis. In a bargain over rent, the tenant was at a disadvantage, since any reduction depended more upon his final inability to pay than upon any equality of bargaining power. Only in isolated cases were temporary associations formed for the purpose of increasing the bargaining power of the tenant. As the number of conflicts grew and the issues sharpened, tenants came to a fuller realization of the significance of collective bargaining. This led to the formation of tenant unions to protect the interests of their members through collective action. Landlords, facing the union activities of tenants, have recognized the necessity of organizing into unions of their own for the defense of their interests. In addition, there are the so-called "harmony" unions. The object of these is the improvement of the land-tenure system and the prevention of disputes by maintaining friendly relations between landowners and tenants. It should be noted that the initiative in forming "harmony" unions rests either with district authorities or with landowners.

That the tenants were quick to see the economic advantages of concerted action is illustrated by the rapid growth of tenant unions. They increased from 130 in 1917 to 681 in 1921 and to 4,065 in 1926, with a record membership of 368,424, representing 25 percent of all the tenant farmers. In subsequent years the change in the number of unions was relatively small, but the membership fell off considerably, so that in 1935 it was only 342,422. In the same year, there were 531 landlord unions with 38,172 members and 1,748 harmony unions with 202,785 members. Among the factors contributing to the decrease in the membership of tenant unions may be mentioned the agricultural depression, which like an industrial depression is unfavorable to the spread of unionism; the growing nationalist movement; and the opposition to the tenant unions on the part of certain groups of tenants on the ground of the unions' radical tendencies. Furthermore, the very fact that the unions often succeeded in reducing rents or preventing landlords from recovering leases resulted in a loss of members. For many a tenant farmer, the usefulness of the union ends with the successful termination of his own fight against the landlord.

The tenant unions in Japan are organized in three national bodies, representing politically the right wing, the center, and the left wing. Despite political differences of these organizations, they are all agreed upon such fundamentals as legal recognition of the permanent rights of the tenant in the land; substitution of money rent for rent in kind; development of cooperative buying and selling societies; spread of education in villages; and development of political activity with a view to controlling the local government and securing representation in Provincial and National Governments.

The program of the landlords is less specific. They readily concede the seriousness of the tenancy problem but, having no desire to solve it at their own expense, prefer the status quo of pre-war days. Their attitude was expressed in the following statement issued by the Japanese Landowners' Association in 1926: 18/

> "The present condition of distress in agricultural villages cannot be regarded with indifference. We are suffering from heavy taxation; our farms are desolated; tenancy disputes are aggravated year by year; a catastrophe is close upon us. Is it not time to wake and do something?
>
> "Remembering the splendid tradition of our nation, with sovereign and subjects forming one whole, and reflecting on the glorious history of our national development in the past, let us emphasize the harmonious relations between capital and labor, and especially cultivate peace between landowners and tenant farmers and thus contribute to the

18/ "Industrial and Labor Information", International Labor Office, Geneva, September 27, 1926, pp. 492-493.

development of our agricultural villages. What sort of devils are they who furiously strike fire bells when there are no fires and incite to a class struggle, provoking animosity against landowners by exciting tenant farmers? If these malicious designs go unrestricted, what will become of our national existence? * * * We are determined, therefore, to cooperate with those who hold the same ideas, to arouse public opinion, and to establish a more suitable national policy."

A decade later, when conditions were worse than in 1926, in response to inquiries made by the Japanese Government concerning the system of land tenure, the landlords recommended "the stabilization of relations between landowners and farmers by means of legislation regulating farming rights." This recommendation, as well as those made on previous occasions, is not sufficiently concrete to form a basis for a practical solution of the tenancy problem.

Government Measures

The Government could not fail to take cognizance of the struggle between tenants and landowners, and it has recognized that this unsatisfactory situation can be remedied only by constructive legislation. Out of the welter of disputes, charges, and countercharges, two proposals for legislation have finally emerged, one aiming at stabilization of relations between landlord and tenant and the other at a fundamental solution of the tenancy problem.

The spread of conflicts between landlords and tenants caused the Government to organize a Commission on Agricultural Tenancy Problems for the purpose of making proposals and recommendations. In 1929 the Commission on Social Policy of the Japanese Government recommended that the Government draft an Agricultural Tenancy Bill on the lines already laid down in 1926 by the Commission on Tenancy. The bill was drafted, but it failed to overcome the opposition of the landlords and it was therefore never passed. The proposed law is of interest, however, since it constitutes the only evidence of the manner in which the Government planned to deal with the problem. The following is a summary of the proposed legislation.

Proposed tenancy legislation

In order to guarantee tenants the results of any short-term improvements, the minimum duration of a lease was to be 5 years. 19/ Unless 6 months' notice was given, a tenant was to continue to work the land even after the termination of the lease; furthermore, a tenant was not to be removed from the land during the time necessary for an appeal to the conciliation board against notice of removal. As much as a year's

19/ "Industrial and Labor Information", February 10, 1930.

notice was required where tenancies were concluded for an indefinite period; such notice, moreover, was to be given after the harvesting of the principal crop and before sowing began.

Upon the termination of a lease, the landlord was to buy the standing crop, remunerate the tenant for the farm improvements made with the landlord's consent, and pay him an indemnity for surrendering the right of tenancy to the land. The indemnity was not to exceed 1 year's rent.

Tenancies were also to be terminated by the landlord when no rent had been paid for a year or when a sum amounting to a year's rent had not been paid in 2 years or when any portion of the rent had not been paid in 3 years. Two months' notice demanding payment was to be given; if nonpayment was deliberate, 2 months' notice might terminate the tenancy. Against such demand for payment or such notice the tenant might appeal to the conciliation board, and the tenancy meanwhile was to continue.

The tenant might claim a temporary reduction of rent on the ground of poor harvest. If a request for reduction of rent was received, the landlord was required to inspect the crops 15 days before harvesting began or, if either party objected to this method of inspection, inspection was to be made by an official or by a method determined by a tenancy committee.

Agricultural lands in Japan are usually separated from the houses of tenants, which are in villages. Therefore, when tenants are involved in conflicts with their landlords, rival claims to enter the land may easily be granted. It is recognized by custom that where crops have been planted the tenant has possession until they are reaped, but this principle has never been properly regulated by law. The bill attempted to protect the rights of both parties by allowing entry to the tenant on order of a court. The latter, however, except in urgent cases, was to require him to deposit part of the value of the crops or a bond to that value with the court; or, on harvesting, the court might require him not to dispose of the harvest until settlement had been effected. The landlord's rights, however, were to be protected only insofar as it was necessary to enable him to meet taxes. The transfer of leases by a third party was to be strictly limited. When the sale of land was contemplated by the landlord, he was required to give a month's notice to the tenants and allow them the right of preemption.

Since 1929, a number of unsuccessful attempts have been made to enact a tenancy law. The failure may be traced to the fact, that, however mild such a law might be, it called, nevertheless, for concessions on the part of the landlords. In view of Japanese tenure conditions, any law regulating the landlord-tenant relations involves a downward revision of rents and an acknowledgement of the tenants' right to the land. Landlords see in this an infringement of their rights as landowners and they fight bitterly, and so far successfully, against any change.

Measures to reduce tenancy

Another channel into which tenancy reform has been directed is that of assisting tenants to become land proprietors. By way of an experiment, during the years 1922-1925 the Japanese Government granted for this purpose loans to the tenants amounting to 17,000,000 yen ($9,812,000), at a rate of interest ranging from 3 to 5 percent. The loans were to be repaid annually over a period of from 15 to 20 years. In 1926 the program was extended, and a total sum of 468,500,000 yen ($220,663,000) was to be advanced during the forthcoming 25 years. But this fund was not adequate to carry on land purchases on a large scale. At prevailing land prices, a total of 287,000 acres could be acquired, or less than 5 percent of the entire acreage rented by tenants.

Realizing that at such a rate it would take several centuries to convert all the tenants into landed proprietors, the Japanese Government in 1932 drew up another plan, on a still larger scale, embodied in a Peasant Proprietors' Agricultural Land Bill. It provided for the issue of bonds in payment for the purchased land, to be repaid by the tenants in whose behalf land was acquired. The amount of bonds issued during any one year could not exceed 80,000,000 yen ($22,480,000), or a total of 2,800,000,000 yen ($786,800,000) in the course of the 35-year period during which the scheme was to operate. By this means it was intended each year to convert 44,000 acres of rented land into proprietors' farms, so that altogether 1,543,000 acres might be turned over to the tenants in 35 years, in addition to the 287,000 acres to be purchased under the 25-year program. Thus it was intended that a total of 1,830,000 acres, or 30 percent of the land farmed by tenants, would become their own property.

The last bill, however, did not pass. It provoked a great deal of criticism on the ground that (1) "it lacked effectual provisions regarding the method of fixing the purchase price of agricultural land; (2) it carried no provision for the compulsory sale of arable land; (3) it was not accompanied by a homestead law such as would be necessary to maintain the peasant proprietors newly created; * * * (4) critics condemned it as a device invented to enable landowners to dispose of land that was a burden to them." 20/

There remains in operation, therefore, only the plan inaugurated in 1926. During the 8 years, 1926-1933, nearly 120,000 tenants were assisted in the purchase of 126,000 acres, or slightly over 1 acre per tenant. The acquired land represented only 1.8 percent of the entire rented land. Considering the provisions of the program, not much more could have been accomplished. It is obvious, then, that from the standpoint of a solution of the tenancy problem this measure is of little practical significance.

20/ Y. Yogi, "The Current Land Problem and the Establishment of Peasant Proprietorship", Kyoto University Economic Review, December 1929, p. 73.

Conclusion

The economic and social conditions prevailing in the Japanese village since the World War, and particularly during the last decade, have fully revealed the evils of the existing tenancy system, which are freely admitted by Japanese authorities. It has become evident, also, that, if the ever-increasing difficulties accompanying landlord-tenant relations are to be eradicated, it will have to be through governmental action. The Japanese Government has recognized this fact, but so far no significant reform of the tenancy system has been carried out. The conciliation boards help to settle disputes, but no measure has been enacted dealing with the causes underlying the conflicts and discontent. It is commonly agreed that the standard of living of a tenant has been reduced to a below-subsistence level; but, since any attempt to raise it involves either concessions on the part of the landowners or large State expenditures or both, the Government shrinks from legislation which might disturb the existing agrarian relations.

In recent years, Japanese landowners have been agitating for the nationalization of their land, provided the Government buys it at current prices. Tenants, on the other hand, wish to see the same process accomplished either through outright confiscation or through payment of a nominal price. In reality, the conditions under which the Government has been converting tenants into farm owners indicate that the tenants are shouldering the entire burden of inflated land prices as well as of high taxes, thereby decreasing the annual amount they expend for family living.

The difficulties of earning a living from such small farms, even when the land is not encumbered by debt or other special charges, have already been mentioned. It should be pointed out that, under the present program, the tenant purchaser for some time to come must pay a larger annual sum for the land than he had been paying as a tenant. The 1926 program provided that the annual payment on the principal of the loan was not to exceed the annual rent prior to the land purchase. The new small holder must supplement this usually heavy charge by paying interest on the loan - at a low rate, to be sure - and a land tax, which he was not required to pay as a tenant. It is patent, therefore, that land purchased under such conditions not only fails to improve the extremely low economic status of tenants but is likely to make it worse, and further legislation along such lines, while advantageous to landowners, may aggravate even further the difficult Japanese tenancy problem. Of course, if the annual payments were reduced by the repayment of the principal over a longer period of time, the tenants' disadvantage would be lessened to a certain extent.

With respect to the other pressing problems which concern all the agricultural groups, the measures thus far adopted by the Government have

not reached the underlying causes of the difficulties. The two outstanding pieces of legislation, the rice and the silk control measures, are cases in point. Much is being made of self-help, spiritual regeneration, and the like. In line with this view, a former Minister of Finance stated, "The most important need of the village is not a State subsidy but initiative and independence on the part of the farmer for economic rehabilitation through his own efforts." And so the farmers are still struggling in overpopulated villages with a tremendous debt burden, high interest rates, heavy taxes, poor credit facilities, and unfavorable price relationships.

The importance of relieving agricultural distress has been recognized by some of the country's outstanding statesmen. The former Minister of War, General Araki, stated in 1933, "If we should succeed in solving the agrarian problem, it would be easier to solve the remaining serious social problems. The agricultural population constitutes Japan's first line of defense." 21/ Assuming that the problem lends itself to a solution, who is to promote it? Even a partial easing of the various difficulties mentioned calls for huge outlays, which the farmers are manifestly in no position to supply. The Government, which since 1931 has been hard pressed for funds in connection with the expansion in Manchuria and North China, is also unable to embark on large expenditures for rural rehabilitation. Yet this very policy of expansion involving the use of the army may bring the demands of the farmers nearer to realization. The following statement of the present Premier of Japan may presage this: "How could the army be indifferent to farmers' difficulties when it is largely composed of farmers sons?" 22/

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22/ New York Times Magazine, July 11, 1937.

CROP INSURANCE IN THE SOVIET UNION . . . .

. . . . By Lazar Volin*

The problem of crop insurance is attracting considerable attention both in the United States and abroad. In France, for instance, bills dealing with the subject of State crop insurance have been introduced in Parliament on numerous occasions. In Bulgaria a foundation for comprehensive crop insurance was laid as far back as 1911. In Belgium, too, a compulsory all-risk crop insurance scheme is seriously discussed. Proposals of a similar nature also have been made in a number of other countries, but so far insurance practice has not gone beyond hail and, much less frequently, frost insurance. More extensive steps along the lines of crop insurance, however, have been taken in the Soviet Union, where a larger number of risks are covered. It is the purpose of this article to sketch briefly the Soviet crop insurance scheme. 1/

Crop insurance in the Soviet Union forms a part of the general scheme of compulsory rural insurance. Rural insurance in Russia dates back to the 1860's, when the newly organized provincial self-governing bodies (zemstvo) were granted the right to establish rural insurance in the territories under their jurisdiction. As a result, compulsory rural insurance against fire was introduced over a large part of the country under the administration of these provincial organizations, acting independently of each other. An effort also was made in a few of the Provinces to develop hail and livestock insurance, but it did not meet with much success.

After the Revolution, with the resumption of more or less normal economic conditions under the New Economic Policy or Nep, the system of compulsory rural fire insurance was restored and livestock and hail

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1/ A discussion of proposed and enacted legislation with respect to crop insurance in individual European countries, other than the Soviet Union, is contained in a report which will be issued soon by the Bureau.

insurance was introduced. More recently, other risks have been added, and the system has been linked with the general Soviet policy of collectivization and planned expansion of production.

Agricultural insurance, which like all insurance in the Soviet Union is a Government monopoly, is administered as a single system by the State Insurance Administration (Gosstrakh) attached to the Commissariat of Finance. A new compulsory insurance law was enacted on July 19, 1934, and it is under this law and administrative regulations pursuant to it that the existing system of Soviet crop and other rural insurance is functioning.

There are, broadly speaking, two types of compulsory crop insurance in the Soviet Union, and both of them are on a cash basis: first, a specific risk insurance extending to most crops; and, second, what is essentially an all-risk insurance, which at present is applied only to a limited number of crops.

Crops on collective farms (which account for more than four-fifths of the Soviet crop area) are insured in most regions of the country against damage by hail, rainstorms, other storms, flood, excessive moisture (standing water, etc.), frost, fire, and smothering. It should be noted that in this type of insurance losses from drought (except in the case of flax, hemp, and the seed crop of red clover), and from pests, insect infestation, and plant disease are not covered. On noncollectivized peasant holdings all crops, exclusive of vegetables and berries, are insured against similar hazards. Orchards and vineyards on collective farms are insured against frost and floods everywhere, and on individual holdings only in regions of commercial fruit growing.

The amount of insurance coverage per hectare[2] varies with the type of farm, the crop, the region, and the district. The insurance is largest for collective farms and cooperatives. Next come individual sowings of those who are also members of collective farms, and, finally, sowings owned by individual farmers not belonging to collective farms. For purposes of insurance, all crops are classified into three groups: (1) cereals, legumes, tame hay, and silage crops; (2) potatoes, root crops, and all crops for industrial uses except those which are eligible for all-risk insurance discussed below; and (3) vegetable and fruit crops and vineyards. The amount of insurance is lowest in the first group and highest in the last. See table 1.

The premium rates per 100 rubles[3] of insurance vary by types of farms and types of insurance and by regions and districts. The collective

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2/ One hectare is equivalent to approximately 2.5 acres.

3/ One ruble equals approximately 20 cents United States currency at legal par of exchange. The actual purchasing power of the ruble, however, is much lower.

farms pay the smallest premiums, followed by the members of collectives (with respect to their individual sowings) and by the nonmember peasant farmers. See table 2. In order to encourage production, no premiums are charged at all for the insurance of flax and hemp against drought and of the seed crop of red clover against drought and frost. Except for crops grown by peasants on farmsteads, premiums are calculated not on the basis of the actually sown area but only on the area specified in the annual Government sowing plan, so that no premium is collected on the excess acreage if the sown area exceeds the plan. Such excess acreage nevertheless is considered insured and entitled to indemnity just like the area within the plan. This is presumably one of the methods used by the Government to stimulate acreage expansion.

A number of industrial crops, including cotton, tobacco, and soybeans, are insured against all major risks or calamities - drought, plant diseases, pests, etc. It is noteworthy that this insurance covers damage caused only by some specific calamity and not by low yields due to such factors as poor germination of seed and exhaustion of soil. For these crops, too, cash coverage and premiums are fixed, varying for different crops, types of farms, and regions. See table 2.

Indemnities are paid only upon the expert determination of losses suffered by the insured in accordance with official rules. Losses due to the negligence of the insured or to the nonobservance of officially approved rules of good farming are not indemnified. This point has been a cardinal tenet of the Soviet insurance policy since 1933, when a Government decree castigated the considerable laxity that prevailed, it was claimed, in the indemnification of insurance losses.

Indemnification follows a proportional principle. Losses from the insurable hazards are calculated as percentages of what the production would have been on the damaged area if the damage from the specific cause had not occurred, and a corresponding percentage of the fixed cash indemnity is paid. If, for instance, 50 percent of the estimated crop on a certain area is damaged as a result of the insured hazard, then 50 percent of the amount of insurance is paid as indemnity. If, however, the insurance coverage exceeds the estimated value of the crop prior to the damage, in fixed prices (i.e., prices paid by the Government for compulsory deliveries and lower than the free market prices), then the latter is made the basis for adjusting losses.

Reseeding of the damaged area with the same or another crop is required where this is possible. In the case of grains, legumes, sunflower seed, mustard seed, tame hay, and silage crops, indemnity due on the original crop is paid after the required reseeding takes place. In the case of all other crops, the farmers are reimbursed only for seed (at fixed prices) and for the reseeding work. Subsequent to reseeding, the new crop is covered by insurance without payment of additional premiums.

Table 1. Crop insurance coverage, per hectare, in specified regions of the Soviet Union a/

Region and type of farm	Specific risk insurance			All-risk insurance				
	Groups of crops			Crops b/				
				Cotton		Tobacco		
	1 c/	2 d/	3 e/	Irrigated	Not irrigated	Cigarette	Machorka	Soybeans
	Rubles	Rubles	Rubles	Rubles	Rubles	Rubles	Rubles	Rubles
R.S.F.S.R. f/								
Collectives....	50	180	450	g/ 220	--	955	350	70
Members of collectives..	45	160	400	g/ 190	--	840	350	65
Individual farmers.....	45	150	375	g/ 190	--	840	350	65
Ukraine								
Collectives....	60	175	450	--	90	h/1,415	400	80
Members of collectives..	50	160	400	--	65	h/1,180	400	60
Individual farmers.....	50	150	375	--	65	h/1,180	400	60

a/ According to the law of July 19, 1934. b/ Various other crops, such as hops and castor beans, are covered by this type of insurance. c/ Cereals, legumes, sunflower seed, tame hay, and silage crops. d/ Potatoes, root crops, and industrial crops (except those subject to all-risk insurance). e/ Vegetables, fruits, and vineyards. f/ Russian Soviet Federated Socialist Republics. g/ Uzbek Republic in Turkestan of Central Asia, the principal cotton-growing area. h/ Transcaucasia.

Table 2. Average crop insurance premium rates on specified crops in certain regions of the Soviet Union a/

Region and type of farm	Premium rates per 100 rubles				
	Hail, rainstorms, other storms, fire	Frost, smothering, flood, excess moisture	All-risk insurance		
			Cotton b/	Tobacco b/	Soybeans b/
	Rubles	Rubles	Rubles	Rubles	Rubles
R.S.F.S.R. c/					
Collectives.....	1.15	2.10	2.3	3.4	4.5
Members of collectives...	1.80	3.90	3.5	4.6	7.3
Individual farmers.....	2.30	5.00	4.4	5.8	9.2
Ukraine					
Collectives.....	1.30	2.10			
Members of collectives...	2.10	3.90			
Individual farmers.....	2.65	5.00			

a/ According to the law of July 19, 1934. b/ Average for the Soviet Union. c/ Russian Soviet Federated Socialist Republics.

Insurance covers only the crop of the particular year when the hazard takes place. Any effect of the hazard on the crops of succeeding years is disregarded. If an insurance loss is once indemnified during the season, the coverage for the remainder of the season is reduced by the amount of the indemnity paid. Always it is the main product for which the crop is grown that is considered in determining losses (grain, for instance, and not straw in the case of cereals). If, however, the damaged crop can be used for some purpose (oats for hay, for instance) its value for such purpose in fixed (State-procuring) prices is deducted from the indemnity. Quantitative losses only, and not impairment of quality, are insurable. Vineyards and other fruit crops are exceptions, and the deterioration of the quality of tobacco as a result of hail also may be covered by insurance.

There are provided various rebates and exemptions. New settlers, for example, during the first year of settlement pay 50 percent less premium on rural insurance (insurance of all kinds prescribed by law). It is also provided that when some hazard occurs that is not insurable in a particular region, insurance premiums for other hazards prescribed by law may be reduced by the authorities up to 90 percent of the total amount legally due. Fifteen percent of the total amount of premiums collected on all kinds of rural insurance is appropriated for preventive measures against fire, floods, and animal diseases.

Insurance premiums are paid in three installments during the autumn. The same agencies are utilized for the assessment and collection of premiums as for the assessment and collection of taxes. Arrears on insurance premiums are collected in the same manner as arrears in taxes. A court order has been required since April 1937 for the collection of arrears. A certain minimum of personal property, however, is exempt from attachment. The funds paid by the Government on losses are also legally free from garnishment or attachment proceedings, except for unpaid insurance premiums.

Considerable emphasis is placed at present on the supplementary, nonobligatory insurance of crops. This supplementary insurance is intended to bridge the gap between the amount of coverage fixed by the compulsory insurance and the estimated value of the crop in fixed prices at which compulsory deliveries (of a certain quantity of grain per hectare, for example) are supposed to be made to the Government. It was planned in 1937 to cover with supplementary insurance 17 percent of the area under grains and legumes, 45.9 percent of the tobacco area, and 41.5 percent of the cotton area. This insurance is supposed to be voluntary, but it was stated by the head of the State Insurance Administration that in practice "there were cases of flagrant violation of the voluntary principle." 4/

4/ S. Aralov, Ekonomicheskaia Ghizn, February 8, 1937.

Data relating solely to the amount of premiums collected and to the amount of losses reimbursed for crop insurance alone are not available. Premiums collected for all types of compulsory insurance (crop, livestock, fire, etc.) in 1936 amounted to 859,700,000 rubles and for voluntary insurance of a similar kind to 130,400,000 rubles, according to a statement of the head of the State Insurance Administration. There were paid out as indemnities for losses incurred 391,000,000 rubles to collective farms and 143,500,000 rubles to members of collective farms and to individual farmers. In addition, 134,600,000 rubles were appropriated for preventive measures.

In considering the system of Soviet crop insurance, it must be borne in mind that it is still in an experimental stage, as is true of so much of Soviet agricultural organization. It is too early, therefore, to make any definitive appraisal. That the insurance system has a broad, national scope must be considered a definite advantage. It should be noted that it is a compulsory scheme with a provision for supplementary insurance on a voluntary basis. Placed as it is on a cash basis, the scheme has, of course, suffered from the low purchasing power of the ruble in the hands of the farmer. But with a strengthening of the ruble and a gradual return to a single system of prices, which is the avowed objective of the Soviet Government, this drawback, of course, should disappear. Another serious disadvantage, from the standpoint of farmers, is that the greatest hazard of Russian agriculture - the drought - is not covered by insurance in the case of most of the important crops. 5/

The premiums seem to be low, but the technique of adjusting losses appears, on the whole, to be a complicated one. Complaints of delay, as well as of laxity, in indemnification of losses were voiced in Soviet publications. Failure to declare losses because of the fear of prosecution also was mentioned. Finally, it is obvious that actuarial considerations are not of primary importance in this insurance scheme.

5/ After the harvest each year, the collective farms are supposed to assemble the seed supply needed for sowing and grain reserves for contingencies, but only after paying the grain tax in kind and for the services of the machine-tractor stations, also in kind. So far, however, the occurrence of a serious drought, as in 1935, usually makes it necessary for the Government to grant grain loans to collectives to alleviate, at least partly, the shortage of seed and of the feed and food supply.

THE CUBAN WINTER VEGETABLE INDUSTRY

Although winter vegetables are of minor importance in relation to sugar and tobacco as export commodities, their production for the United States market is an industry of considerable importance to certain districts in Cuba. It is a source of income not only to farmers and farm workers in these districts, but also to the American interests that supply a large part of the capital invested in the production and marketing of Cuban vegetables, as well as the necessary seed, fertilizers, insecticides, farm implements, and packing materials. In addition, a substantial part of the income of the Cuban vegetable growers is expended on United States farm products, of which Cuba imports large quantities, particularly pork products and flour. In recent years, the Cuban vegetable industry has represented our major foreign source of supply of fresh vegetables during the winter months, when supplies from the limited frost-free area in the United States are inadequate to meet domestic demands. Augmenting domestic vegetable supplies in these months, representing a substantial investment of American capital, and providing a considerable market for American products, the Cuban vegetable industry may be looked upon as essentially supplementary to, rather than competitive with, the American vegetable industry as a whole.

Cuban Export Trade in Winter Vegetables

The expansion of the winter-vegetable industry in Cuba to a position of some importance in the export trade of that country is largely a development of the last 15 years. It has been primarily an outgrowth of two factors - (1) the growing demand in the United States, and to a lesser

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Prepared in part from material submitted by Grant D. Clark, Associate Agricultural Statistician, on the basis of a field trip to the vegetable-growing districts of Cuba in the winter of 1936-37, and from reports of American consular officers in Cuba.

extent in Canada, for fresh vegetables during the winter months; and (2) the low prices of sugar, Cuba's major crop, which have emphasized the desirability of wider diversification of production in the island. Although fresh vegetables account for less than 1 percent of the total value of Cuban exports, in contrast with sugar and sugar by-products, which in 1936 accounted for about 81 percent, they now rank fourth among Cuba's agricultural exports, following sugar, tobacco, and fresh fruit in importance.

The United States is by far the leading export market for Cuban winter vegetables. Canada is the only other foreign outlet of importance, most of the shipments to that country being made via the United States. In the last 2 or 3 years, however, direct shipments of tomatoes to Canada have attained some small importance.

Tomatoes are the most important of the winter vegetables exported from Cuba. During the last 5 calendar years (1932 to 1936) annual exports to the United States have been valued at an average of $523,000, and have made up about 62 percent of the total value of Cuban winter-vegetable exports to this country. During the same period, annual exports of lima beans, which ranked second in importance, averaged $93,000 in value and made up 11 percent of the total value of vegetable exports. The average values of exports of other vegetables during the 5 years from 1932 to 1936 and the shares of total winter vegetable exports for which they accounted were eggplant, $73,000 and 8.7 percent; cucumbers, $47,000 and 5.6 percent; green peppers, $43,000 and 5.1 percent; potatoes, $32,000 and 3.8 percent; and okra, $29,000 and 3.4 percent. Shipments of squash have averaged only $3,000 annually and accounted for less than one-half of 1 percent of the value of total shipments of winter vegetables to the United States.

United States Imports of Cuban Vegetables

It is believed that the United States import figures shown in table 1 set forth more accurately the total volume of shipments to the United States market than would Cuban export figures. The Cuban official export figures are not available on a crop-year basis; and, in addition, reshipments to Canada and the difference in methods used by the Cuban and United States authorities in compiling their records prevent a satisfactory comparison of the volume of vegetable exports from Cuba with the volume of imports into the United States. The United States import figures in table 1 have been placed on a crop-year (July-June) basis so as to reflect the annual Cuban crop movement.

It will be noted from table 1 that United States imports of winter vegetables from Cuba have shown rather wide fluctuations from year to year. However, imports of tomatoes, the most important of the Cuban winter vegetables, have been consistently larger in the past 3 years

than in preceding years. Imports of eggplant have averaged somewhat lower in the past 3 years than in the years before the depression made itself felt (1927-29 to 1929-30), but substantially above those of the depression years. Imports of lima beans during the 3 years from 1934-35 to 1936-37 averaged substantially higher than in either the pre-depression or depression years, while imports of peppers have averaged lower than in the pre-depression years but substantially above those of the depression years. Imports of cucumbers from Cuba in the past 3 years were double the pre-depression average but less than imports in certain of the depression years. Imports of okra have not fluctuated as widely from year to year as have imports of most of the other vegetables and have averaged somewhat higher in the past 3 years than in the pre-depression years. Imports of potatoes and squash since 1934-35 have been much smaller than in the pre-depression years, as well as in certain of the depression years.

Table 1. United States imports of fresh vegetables from Cuba, July-June, 1927-28 to 1936-37

Commodity	1927-28	1928-29	1929-30	1930-31	1931-32
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Tomatoes	19,272	25,601	18,168	26,043	28,263
Eggplant	6,216	6,265	6,438	4,653	3,681
Lima beans	2,729	3,273	2,999	3,515	3,881
Peppers, green	6,008	4,479	5,078	3,021	1,302
Cucumbers	1,030	952	1,702	3,374	3,570
Okra	1,345	1,557	1,626	1,789	1,562
Squash	317	441	439	149	63
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
Potatoes, white or Irish	106	67	77	67	34

	1932-33	1933-34	1934-35	1935-36	1936-37 a/
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Tomatoes	23,011	28,913	41,638	42,471	42,845
Eggplant	1,917	3,622	4,818	7,941	5,677
Lima beans	4,085	3,609	3,589	5,696	4,525
Peppers, green	172	1,760	4,301	5,768	3,239
Cucumbers	2,563	1,461	2,270	2,459	2,963
Okra	1,420	1,356	1,267	1,733	1,869
Squash	22	1	6	28	13
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
Potatoes, white or Irish	37	3	37	48	24

Compiled from official sources. a/ Preliminary.

PRODUCING AREAS OF SELECTED VEGETABLES, CUBA, 1936-37

U. S. DEPARTMENT OF AGRICULTURE

NEG. 32424 BUREAU OF AGRICULTURAL ECONOMICS

During the past 3 years the total quantities of fresh vegetables imported from Cuba have been substantially greater than in the earlier years of the 10-year period from 1927-28 to 1936-37. Increased imports of tomatoes are primarily responsible for these increases. Imports of other vegetables have averaged somewhat less than in the 3 pre-depression years (1927-28 to 1929-30). They have been, however, substantially larger than the figures for the depression years.

The large increase in our imports of tomatoes from Cuba in recent years represents a shift in our principal source of supply of imported tomatoes from Mexico to Cuba. While imports from Cuba increased from an average of 21,013,000 pounds in the pre-depression years of 1927-28 to 1929-30 to an average of 42,318,000 pounds in 1934-35 to 1936-37, imports from Mexico declined from an average of 99,015,000 pounds in the earlier period to an average of only 42,935,000 pounds in the past 3 years. Also, imports of fresh tomatoes from the British West Indies, which were of some importance in the pre-depression years, are now negligible.

Changes in economic conditions and consumer purchasing power in the United States, efforts toward crop diversification in Cuba, changes in the United States tariff on fresh vegetables under the Tariff Act of 1930 and the Cuban-American trade agreement of 1934, and varying weather conditions with their influence on production in Cuba and the other major sources of supply, Florida and Mexico, have all contributed to the fluctuations in imports from Cuba.

Principal Growing Regions and Farm Methods

The principal commercial vegetable-growing regions in Cuba are located in the Provinces of Habana, Pinar del Rio, and Santa Clara, and in the western part of the Province of Camaguey, and in the Isle of Pines. See map.

On some vegetable-producing farms, tractors and modern machinery are used, but on the majority of farms oxen and crude implements are the rule. While oxen are slow moving, they afford more economical power than horses or mules would provide. Plowing is done to a large extent with an implement resembling a bull-tongue plow. This implement roots rather than turns the soil, so that the field has to be crossed two or three times in order to get it into workable shape. Harrowing is done by various devices, sometimes by nothing more than dragging brush over the field. In most districts, the soil is such that it may be satisfactorily prepared by these methods.

The land for vegetables is prepared early in September, and the crop is planted late in September or early in October. Despite the frequent lack of modern equipment, the soil is usually put into good shape before planting and the crops are kept well cultivated. The amount of man power required to produce a crop, however, is very large. The

seeds used for planting are imported for the most part from the United States, and growers as a rule are very careful and critical about the kind and quality of seed purchased.

Spraying operations throughout the vegetable-producing areas are quite thorough, and farmers seem to be well versed in the use of fertilizers. Both spraying materials and artificial fertilizers are imported, largely from the United States. Tomatoes are generally grown without fertilizers, but most other vegetables are given liberal amounts.

Irrigation is practiced extensively for most vegetables except tomatoes. In some of the smaller fields, particularly those adjacent to the city of Habana, irrigating is done with long lines of hose attached to hydrants spaced at intervals over the fields. This method is laborious and not particularly effective. Modern pumping plants, however, with powerful engines and well-constructed ditches and laterals are also in use.

Packing and Grading

Cuban vegetables are graded and packed in sheds either on the farm or in the towns adjacent to producing districts. The grading and packing of vegetables that are to be exported have recently been made subject to stringent regulations. Usable culls and off-grade vegetables are retained on the island either for consumption in the fresh state or for utilization in canneries. The use of low-quality tomatoes by canneries is increasing rapidly. Plans were made to process some ripe peppers last spring, and it is probable that the canneries will begin to utilize a portion of the large quantity of lima beans that cannot be exported because of defective pods.

In 1935, the Cuban Department of Agriculture and the Association of Cuban Fruit and Vegetable Growers and Exporters drafted proposed legislation to govern the grading, packing, and inspection of Cuban fruits and vegetables intended for export. Enabling legislation was provided by Decree-Law No. 546, published in the Official Gazette of January 31, 1936. This broad enabling legislation empowered the Cuban Department of Agriculture to regulate the exportation of all products of the soil and authorized the Secretary of Agriculture to issue regulations controlling planting, harvesting, selection, classification, packing, labeling, marking, transportation, refrigeration, and the issuance of certificates relating to size, quality, and sanitary condition.

Under authority of this legislation, there was promulgated on December 10, 1936, Decree No. 3272, which provides for the registration and licensing of all packers and exporters of fruits and vegetables, authorizes the Department of Agriculture to determine the types and sizes of packages to be used in packing fruits and vegetables entering

the export trade, authorizes the necessary inspections in packing plants and again at the docks, provides for the issuance of inspection certificates and certificates showing that all regulations for the exportation of the produce have been complied with, and fixes penalties for noncompliance with the regulations. Supplementing this decree, regulations were issued on February 8, 1937, governing the types and sizes of containers in which fruits and vegetables are to be packed for export.

Transportation and Marketing

Practically all vegetables packed for export from Cuba move through the port of Habana, and transportation from interior producing areas to that port is an important item. Precooling is available at the docks in Habana for only a part of the produce. Both railroads and trucks are used to haul vegetables to the Habana docks. Most of the packing sheds are on or close to good paved highways so that auto trucks play an important part in transportation. The Isle of Pines is under the greatest handicap from the standpoint of transportation, since its cucumber and other vegetable crops must be trucked to the local dock at Nueva Gerona for shipment by boat to Batabanó and then shipped by rail across Cuba to the docks at Habana.

The major portion of the Cuban vegetable exports are shipped to New York City, although important quantities are also marketed in New Orleans. Steamers reach New York in less than 3 days and New Orleans in less than 2 days. Tampa is about 1 day's travel from Habana, while Port Everglades is only about 8 hours distant. Vessels to Miami take about 14 hours.

Most of the Cuban tomatoes shipped to the United States are sold there at auction. Other Cuban vegetables, however, are sold in New York and other American markets at private sales by commission firms.

Financing

The average Cuban grower of vegetables lacks sufficient capital to finance his operations from season to season. Under these circumstances, there has developed a system of credit whereby United States commission agents and other merchants handling vegetables advance seed, packing and spraying material, implements, and at times cash for wages and other operating expenses. In return, the grower is obligated either to dispose of his crop through the financing dealer or at least to give him the first opportunity of purchasing the crop at current prices. Those advancing the credit in some cases are Cuban firms, but in most instances they are American commission houses. The latter, accordingly, control the marketing of the bulk of the Cuban winter-vegetable crop, and the industry is in large measure dependent on them for financial support.

Acreage and Production

There follows more detailed information concerning the principal winter vegetables grown in Cuba. The Cuban Department of Agriculture does not issue estimates of the acreage and production of vegetable crops, but through the cooperation of that Department, supplemented by personal contact with growers and shippers, there have been compiled acreage and production data for the more important crops during the 1935-36 and 1936-37 crop years.

Tomatoes

Tomatoes, the major Cuban winter-vegetable crop, are grown in four important commercial producing areas. These are in the Province of Pinar del Río, in the Güines section of the Province of Habana, in the Province of Santa Clara, and along the western edge of the Province of Camaguey.

Production in the Province of Santa Clara has become important only in recent years. Present indications are that this Province will soon rank as the leading producing area. In 1936-37, the yields averaged higher and the quality of the crop was better in the Santa Clara and the adjacent Camaguey areas than anywhere else on the island.

Most of the tomatoes are grown on rented land. Since comparatively small amounts of commercial fertilizer are used in tomato production, there is a tendency to use different plots of ground from year to year for this vegetable.

Cuba normally produces two crops of tomatoes. The early crop is harvested in November, December, and January and the late crop immediately thereafter. The harvesting season, therefore, extends from early in November to April. In the Province of Pinar del Río, picking begins in November and in the Province of Habana about December 1. In the Provinces of Santa Clara and Camaguey, picking does not become active until about January 1.

Although some tomato shipments are made to the American market for the Thanksgiving trade in November, exports do not begin to move out in large volume until after December 1. Practically all of the tomatoes grown in Cuba are of the Marglobe variety. The product is expertly sized and graded and packed in the standard tomato lug used in the United States. The 7 x 7 size (196 tomatoes per lug in four tiers) is the minimum size that may be exported. Its shipment is permitted only in case of crop failure in the United States or when, by reason of drought, there is a shortage of larger sizes in Cuba. Further, under these conditions, its exportation to the United States

is subject to resolution of the Cuban Secretary of Agriculture, fixing the period in which it may be exported and providing that the tomatoes may not be less than 2 inches in diameter through the middle.

Table 2 shows estimated acreage, production, and export crop of tomatoes in the 1935-36 and 1936-37 seasons. The estimated export pack for the latter season includes about 230,000 or 235,000 lugs that were not shipped because of special restrictions limiting exports of the 6 x 7 x 6 size. Shipments of this size were restricted during part of the season by the Cuban Department of Agriculture in order to avoid depressing the market.

Table 2. Acreage, production, and estimated export crop of tomatoes in Cuba, 1935-36 and 1936-37

Season	Area	Production		Estimated export crop	
		Total	Per acre	Total	Per acre
	Acres	Lugs	Lugs	Lugs	Lugs
1935-36.....	14,800	2,072,000	140	1,376,000	93
1936-37.....	20,800	2,704,000	130	1,643,000	79

Lima beans

Lima beans, though of relatively minor importance in relation to tomatoes, have ranked second among Cuban exports of winter vegetables to the United States during the past 5 years. Most of the lima-bean crop is grown in the Province of Habana. Harvesting begins early in November and reaches its peak in December and January. After the end of January, harvesting and shipping declines, and the season is considered over by about the middle of March.

The pole lima is grown exclusively. Practically all lima-bean fields are irrigated, and frequent and heavy spraying is necessary. Irrigation, spraying, staking, tying, and frequent cultivation make this an expensive crop to grow. Shipments are made in bushel hampers. During the 1936-37 season, a large part of the crop was unsuitable for export because of diseases of the pod and damage by insects, principally the maruca.

Table 3. Acreage, production, and estimated export crop of lima beans in Cuba, 1935-36 and 1936-37

Season	Area	Production		Estimated export crop	
		Total	Per acre	Total	Per acre
	Acres	Lugs	Lugs	Lugs	Lugs
1935-36.....	1,750	315,000	180	156,000	89
1936-37.....	2,000	300,000	150	122,000	61

Eggplant

Since 1932, eggplant has ranked third among the Cuban winter vegetables from the standpoint of value of exports. The areas producing eggplant are mainly in the Provinces of Habana and Pinar del Rio. Most of the crop is grown under irrigation.

Harvesting begins in November but does not become active until late in December. February and March are the months of heaviest production and exports. Harvesting and shipments after the end of April are insignificant. The crop is packed in the standard bushel-and-a-half crate containing, on an average, 50 pounds net. During the 1936-37 season there was considerable economic abandonment because of low prices in the American market. As a result, exports were substantially below the actual exportable surplus.

Table 4. Acreage, production, and estimated export crop of eggplant in Cuba, 1935-36 and 1936-37

Season	Area	Production		Estimated export crop	
		Total	Per acre	Total	Per acre
	Acres	Bushels	Bushels	Bushels	Bushels
1935-36	1,100	385,000	350	264,000	240
1936-37	1,200	396,000	330	264,000	220

Cucumbers

Cucumbers rank fourth among the Cuban winter vegetables on the basis of the value of exports during recent years. Practically the entire Cuban cucumber crop is grown on the Isle of Pines, where there are patches of sandy soil well adapted for cucumbers. Harvesting starts about the first of December and continues until the middle of March. The months of heaviest production and shipment are December, January, and February. The crop is moved in the standard bushel crate containing about 48 pounds net.

After they are packed, cucumbers are shipped by truck [illegible] to the port of Nueva Gerona on the northern coast of the Isle of Pines. Here they are loaded into boats and shipped across the Gulf of Batabano to the port of Batabano on the southern coast of the mainland of Cuba. They are then loaded into trains and shipped across the island to Habana, where they are transferred to boats for export to the United States.

Warm weather during the past winter is said to have brought on plant insects, which destroyed a substantial part of the crop and added to the cost of production because of the necessary increase in the use of sprays.

Table 5. Acreage, production, and estimated export crop of cucumbers in Cuba, 1935-36 and 1936-37

Season	Area	Production		Estimated export crop	
		Total	Per acre	Total	Per acre
	Acres	Bushels	Bushels	Bushels	Bushels
1935-36	700	77,000	110	53,000	76
1936-37	700	87,000	124	57,000	81

Green peppers

During the 5 years from 1932 to 1936, green peppers ranked fifth among the winter-vegetable crops on the basis of value of exports. The pepper exports go primarily to the New Orleans and New York markets. Economic abandonment was large in the 1936-37 crop, principally because of price declines in January and February, and exports were much below the actual crop of exportable quality.

The green-pepper crop of Cuba is grown mainly in the Provinces of Habana and Pinar del Río. Small quantities are also shipped from the Isle of Pines. Practically the entire crop is grown under irrigation. Harvesting does not become active until the latter part of December, and shipments frequently continue until early in May. The period of heaviest production is during February and March. The standard container used in moving the crop is the bushel-and-a-half crate.

Table 6. Acreage, production, and estimated export crop of green peppers in Cuba, 1935-36 and 1936-37

Season	Area	Production		Estimated export crop	
		Total	Per acre	Total	Per acre
	Acres	Bushels	Bushels	Bushels	Bushels
1935-36	800	280,000	350	192,000	240
1936-37	900	315,000	350	207,000	230

Potatoes

Exports of potatoes from Cuba have been unimportant in recent years, accounting for less than 4 percent of the total value of Cuban exports of winter vegetables to the United States during the past 5 years. Most of the Cuban production is consumed on the island.

Most of the Cuban potatoes that are exported are grown under irrigation in the Güines section of the Province of Habana. Both the Bliss Triumph and the Irish Cobbler varieties are grown, but Triumphs comprise about three-fourths of the acreage. There is an early and a late crop. Harvesting of the first crop, consisting principally of red

varieties, begins about the first of January, and shipments from this crop continue through March. Harvesting of the late crop begins after mid-March and export shipments from it are made chiefly in April.

The Cuban potato crop is grown exclusively from certified seed imported from Canada and the United States. The required supplies of certified seed may be imported under special permit and free of duty from September 15 to March 15 of each year. The Bliss Triumph, Irish Cobbler, and Presidente or Never-rot are the varieties specified by the Cuban Department of Agriculture as being admissible duty-free as seed.

Table 7. Acreage and production of potatoes in Cuba, 1935-36 to 1936-37

Year	Area	Production	
		Total	Per acre
	Acres	Bushels	Bushels
1935-36	15,900	1,828,000	115
1936-37	15,300	1,836,000	120

Okra

Shipments of okra from Cuba to the United States are of minor importance, accounting for approximately 3 percent of the value of the total export movement of winter vegetables during the past 5 years. No estimates of acreage and production are available.

The okra-producing regions coincide with those of lima beans, mainly in the Province of Habana. Harvesting extends from early November to early May, with January, February, March, and April as the months of heaviest production and export. Most of the shipments are made in the standard six-basket crate, but the bushel hamper is also used to some extent.

RECENT DEVELOPMENTS IN FOREIGN AGRICULTURAL POLICY

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UNITED KINGDOM ADOPTS PERMANENT BEEF-CATTLE POLICY

A new law known as "The Livestock Industry Act, 1937" became effective in the United Kingdom on July 20. The law marks the adoption of a permanent policy on the part of the British Government toward the beef-cattle industry, which for several years has been the subject of study and temporary emergency aid. The objective of the law is to place the beef-cattle industry on a stable and profitable basis.

The act provides for the continuation of subsidies by Exchequer grants to producers of beef cattle to the extent of $25,000,000 annually, as well as for regulation of imports, regulation of livestock markets, and development of central slaughterhouses. It also provides for the establishment of research, statistical, informational, grading, trade-promotional, and livestock- and meat-insurance services.

Two organizations are to be set up, one to be known as the Livestock Commission and the other as the Livestock Advisory Committee. The functions of the Commission are to keep under review the production, slaughtering, processing, marketing, and consumption of products of the livestock industry and to carry out the particular duties assigned to it by the act.

The functions of the Advisory Committee are to give advice and assistance to the Commission in the discharge of its functions. The members of the Advisory Committee are to consist of people representing the interests of producers, local authorities, auctioneers, and any others likely to be affected by the operation of the act.

The methods by which the beef-cattle subsidy will be administered follow closely on the lines of the arrangements in existence under the Cattle Industry Emergency Provisions Acts, 1934 to 1936. The new rates, however, are so adjusted as to give greater encouragement than heretofore to the domestic breeding of good-quality beef animals. This will be accomplished through the payment of differential rates of subsidy varying in accordance with quality and origin(imported vs. domestic). See table, page 466.

The act empowers the Board of Trade to regulate the importation of livestock and meat, except bacon, if such procedure appears desirable, in order to secure the stability of the United Kingdom market for livestock and meat. Bacon is excluded from the term "meat" because imports

are already regulated under the Agricultural Marketing Act, 1933, in connection with the operation of the Pigs and Bacon Marketing Schemes.

Rigid regulation of livestock markets is provided for. Not only is the establishment of unnecessary new markets to be prevented but authorization is granted for the reorganization of the existing livestock-marketing system through the issuance of "livestock markets orders." Such orders are to be proposed to the appropriate Minister by the Livestock Commission. The orders may provide both for the closing of specified markets and for improving the facilities of the remaining authorized markets. Provision is made for the payment of compensation to those suffering a loss by such orders. When approved, such orders will be administered by the Commission.

The act provides for the general regulation of auctions and market premises by means of bylaws to be issued by the Livestock Commission. These will specify the number of auction places in a particular market, the charges of auctioneers, the charges to be made by market owners on animals brought to market, the dates and premises for holding sales, and related matters.

The Livestock Commission is authorized to encourage the establishment of central slaughterhouses, in which efficiency and economy in slaughtering are to be promoted by treating carcasses and meat in the most satisfactory manner and by utilizing byproducts to the best advantage. When satisfied as to the desirability of establishing such central meat-works, the Commission will submit for the approval of the Minister concerned a scheme providing for the control or closing of other slaughterhouses in the area to be served by the central plant.

British subsidies on beef cattle, effective July 20, 1937

Description	Animals, live-weight		Carcasses, dead-weight	
	Per hundredweight	Per 100 pounds	Per hundredweight	Per 100 pounds
	Shillings	Cents	Pence	Cents
Ordinary Standard -				
Home-bred.....	5.0	111	1.0	1.85
Imported.....	2.5	56	0.5	.93
Quality Standard -				
Home-bred.....	7.5	167	1.5	2.78
Imported.....	5.0	111	1.0	1.85

Converted at current rate of exchange.

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GREECE TO CONFISCATE SURPLUS CURRANT ACREAGE

The long vexing problem of the disposition of surplus currant production in Greece now seems to be on the way to a definite solution, according to a report received in the Bureau of Agricultural Economics from Consul General Shantz at Athens. By a recent decision of the Hellenic Government some 37,000 acres of vines are to be uprooted, which normally would produce approximately 85 million pounds of currants, or about one-fourth of the total production.

As a result of new plantings, Greek currant production in recent years has been increased to about 340 million pounds annually. The normal disappearance is only around 255 million pounds, of which 148 million pounds are exported, 10 to 15 million pounds used for wine making, and about 95 million pounds absorbed by various industries for alcohol extraction and other purposes.

The supply in recent years has exceeded consumption by approximately 85 million pounds annually. This surplus adversely affected the price of currants and threatened serious effects, especially with the gradual reduction in exports because of increased competition in export markets from raisin-producing countries.

The 37,000 acres to be confiscated will be turned into other crops, thus assuring an income to producers and at the same time eliminating too much dependence on currants as the sole source of income. The uprooting process will be carried out as soon as 51 percent of the growers, or as soon as 55 percent of those owning the vines in a particular district, give their assent. When such a majority decides to uproot, all of the growers in the district concerned are obliged to proceed with the uprooting. Those who do not comply will be liable to punishment by imprisonment, and their vines will be uprooted by agents of the Central Currant Office at the expense of the owners. Moreover, the Government will have the right to fix lower prices for surplus currants in districts where growers by plebiscite do not consent to uprooting than that fixed for surplus currants in districts that cooperate.

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DANUBE COUNTRIES TO CONTINUE WHEAT-RELIEF MEASURES

In spite of the generally satisfactory world market position of wheat this year, Danubian governments have, with slight modifications, maintained for 1937-38 the wheat-relief systems which were in force last year, according to reports from the Belgrade office of the Bureau. The Grain Monopoly continues to operate in Bulgaria, the Agricultural Relief Fund and the Futura in Hungary, the Central Agricultural Marketing Cooperative in Rumania, and the Privileged Export Company in Yugoslavia. Only certain details have been changed to meet the new situation created by the improved tone of world markets.

Among the factors leading to a decision to continue the existing relief measures was the fact that the monopolistic organizations were established not only for purposes of price stabilization but also to protect growers from speculators. The desire to maintain the position of farmers' cooperatives was another factor. In making use of the cooperatives for the collection and pooling of wheat, the governmental wheat-marketing agencies found that they had a powerful counterbalance to the speculative activities of grain dealers and exporters.

In Bulgaria, the Grain Monopoly will purchase wheat from farmers at 86 cents per bushel, compared with 82 cents in 1936-37. The price for rye has been fixed at 62 cents per bushel against 57 cents the year before. The commission fee of the Monopoly's agencies has been fixed at 1 percent. Any profits made will be divided among growers in proportion to the amount of grain delivered. Premiums will also be paid on improved wheat produced by breeders for seeding purposes.

Since the establishment of the so-called grain-ticket system in Hungary on July 1, 1934, governmental relief in that country has not been confined to wheat growers alone. Producers, however, will continue to share the general agricultural relief funds collected from the special taxes levied for agricultural relief purposes. While no minimum or guaranteed prices have been fixed for wheat during 1937-38, certain international agreements have made it possible to maintain a domestic price of at least 95 cents a bushel for wheat of the 1937 crop.

In Rumania, the system of minimum prices and export premiums will not be abolished, but they will be put in effect only in case of actual necessity. Another innovation is that wheat exports will not be subject to export permits in cases where at least 40 percent of the sales price is paid by the foreign importer in freely convertible foreign exchange. Purchases of wheat will also be made by the Government for price-stabilization purposes if necessary.

In Yugoslavia, the Privileged Export Company will continue to make wheat purchases at prices to be fixed from time to time by the Government. Private firms, however, are at liberty to buy wheat in competition with the Privileged Export Company. Wheat exports from Yugoslavia will be permitted only against payment in freely exchangeable foreign credits, which must be delivered to the Yugoslavia National Bank. For that reason, exporters must obtain permits and must deposit a specified security, which is forfeited to the Government if the wheat is not exported within 6 weeks from the date of the permit.

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